ICL International Cargo Limited

Global Logistics Update

UK–Middle East Air Freight & Supply Chain

Status: July 27, 2026

PEACE DEAL COME AND GONE - VOLATILITY CONTINUES

The Middle East still remains to be one of the most influential regions in global air cargo despite the volatility in the region. The small respite offered by the fragile peace deal brought about some breathing space and recovery to operations and supply chains. Such is the instability in the region, expectations of the deal lasting to provide the sufficient re-building and recovery time for the sector were very low. Within a few days fears were proven correct, rapid escalation of the conflict ensued. While capacity recovery is underway, rates remain elevated, schedules continue to face disruption and global supply chains are continuing to adjust to the new operating environment.

Freight Rates Remain Eleveated

- 17% yr-on-yr increase in global freight rates in H1 2026.
- 40% yr-on-yr increase in global spot rates in May before some stabilisation during June/July.
- Spot rates from MESA origin remain elevated at 46-50% above 2025 levels.

Major Network Changes

- Airlines continue to avoid problematic airspace corridors resulting in longer flight times & vast schedule adjustments across the GCC.
- Redirection of cargo flows through GCC gateways with lower operational risk such as Muscat (Oman) and Jeddah (Saudi Arabia).

Capacity Recovery Continues

- Capacity showing signs of recovery approx. at 75-85% of pre-crises levels. However, effective capacity still hampered by re-routing and congestion.
- Global capacity growth only 1% in H1 2026 significantly lower then expectations.

Middle East's Strategic Role

- Despite regional instability the middle east still accounted for 13.2% of global air freight cargo volume in early 2026.
- Major hub airports such as Doha and Dubai remain central to Asia-Europe and Asia-Africa trade lanes.

Supply Chain Effects

The disruptions to sea freight trade routes have led many supply chains to favour air freight, especially for time critical supply chains. This however comes with its own drawbacks, as battling congestion, increased transit times and higher operational costs hinder economic and operational efficiency of supply chains. Analyst expect rates will not return to pre-crisis levels quickly, especially if there is no break or peace negotiated in the near future. Continued instability will only just trigger and compound capacity shortages and pricing pressure. With the region remaining the pivot point for global trade, necessary steps are needed to ensure supply chain viability, stability and efficiency. Objective is not just to find the cheapest freight options, but to find a balance of cost, service, reliability and speed.

Key Action for Shippers

Diversify Routing Options

Avoid reliance on a single Gulf hub or carrier. Diversify cargo as much as possible to avoid bottlenecks/potential break in supply chains when issues arise. Develop contingency routing via alternative Asian and European gateways where possible. Pre approve emergency routing options with suppliers and customers

Consolidation and Critically Segmented Shipments

- Maximise consolidation and reduce frequency of smaller consignments.
- Improve packaging efficiency to lower chargeable weight and reduce freight spend.
- Segment supply chain critical and time sensitive shipments for priority premium services

ICL Operational Status

Mitigating Risks

ICL operations team continue to focus on balancing cost, transit time, and service reliability rather than simply selecting the lowest-cost freight option. Given ongoing capacity constraints and route volatility across key middle east trade lanes, we actively diversify routing options, securing capacity through strategic carrier and operational hubs, and establish contingency plans to minimise disruption. We continue to utilise premium air freight services for critical and customer-sensitive shipments, while planned and less time-sensitive cargo is continuously evaluated for multi-modal options to ensure rates are kept a low as possible.

ICL continue to improve resilience and control costs, by working in unison with customers and suppliers to strengthen demand forecasting and increase visibility across the supply chain. Consolidating freight wherever possible, and improving packaging efficiencies enable to further drive down freight costs. By combining diversified routing, contracted capacity, inventory optimisation, and shipment consolidation. Supply chains can maintain service levels, mitigate supply chain risks, and achieve a more economically efficient logistics operation during periods of market uncertainty.

For further information or to discuss your supply chain requirements:

Email: gurj.sohal@internationalcargoltd.com

Web: internationalcargoltd.com

ICL International Cargo Limited